

HOUSE BILL NO. 350

INTRODUCED BY BUTCHER, BARRETT, WITT, BRUEGGEMAN, BLACK, ROBERTS, KLOCK, L. JONES,
MALCOLM, WAITSCHIES, STAHL, STOKER, LAMBERT, ROSS, PETERSON, MENDENHALL

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE BID DEPOSIT FOR STATE LAND LEASES;
~~REQUIRING PERFORMANCE BONDS FOR FIRST-TIME LESSEES;~~ AMENDING ~~SECTIONS~~ SECTION
77-6-203 ~~AND 77-6-207~~, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 77-6-203, MCA, is amended to read:

"77-6-203. Bid deposit. (1) A person bidding for the lease of state lands shall deposit with the department, as evidence of good faith, a certified check, cashier's check, or money order in an amount equal to ~~20%~~ 100% of the annual rental bid in the case of grazing land and an amount equal to ~~\$4~~ \$20 per acre for each acre of agricultural land contained in the lease in the case of agricultural land on which the bid is made on a crop share basis.

(2) The department shall retain the deposit of the successful bidder, apply it on the rental for the first year of the lease only, and return any balance of the deposit at the end of the first year to the successful bidder. The department shall return the deposits of the unsuccessful bona fide bidders. If the department finds a bid has been submitted that is frivolous, forged, or a bad faith bid or a bid submitted for purposes of harassment, the deposit is forfeited. The department shall make a reasonable attempt to notify the bidder in writing of the forfeiture and reasons therefor.

(3) If the successful bidder fails to execute the lease for any reason, ~~his the deposit shall be~~ is forfeited.

(4) The department shall credit all forfeited deposits to the interest and income account of the proper trust."

~~**Section 2.** Section 77-6-207, MCA, is amended to read:~~

~~**"77-6-207. Form of lease -- bond optional.** (1) The general form of lease to state lands shall must be prescribed by the board, and no changes in the form for these leases may not be made without the approval of the board. All leases shall must be issued in duplicate, one copy shall must be mailed to the lessee, and one~~

1 copy shall must be preserved by the department. Unless the board decides otherwise, these leases shall be
2 issued without bonds, but the board may require a bond and prescribe the form and conditions thereof whenever
3 it considers it necessary.

4 ~~——— (2) A bidder who has never successfully executed a lease of Montana state lands shall furnish a~~
5 ~~performance bond equal to the estimated value of the lease in the form of:~~

6 ~~——— (a) a sufficient bond for the term of the lease with a licensed surety company as surety; or~~

7 ~~——— (b) an irrevocable letter of credit for the term of the lease in accordance with the provisions of Title 30,~~
8 ~~chapter 5, part 1.~~

9 ~~——— (3) If a lease is canceled pursuant to 77-6-210 or 77-6-506, the performance bond is forfeited.~~

10 ~~——— (4) The department shall credit all forfeited performance bonds to the interest and income account of~~
11 ~~the proper trust."~~

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13 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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